

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6211

BILL NUMBER: SB 72

NOTE PREPARED: Feb 7, 2011

BILL AMENDED: Feb 3, 2011

SUBJECT: Carbon Dioxide Pipelines and Eminent Domain.

FIRST AUTHOR: Sen. Gard

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill establishes procedures for the issuance by the Department of Natural Resources (DNR) of a carbon dioxide transmission pipeline certificate of authority that allows construction, operation, and maintenance of a pipeline and the use of eminent domain for those purposes. The bill requires the DNR to deposit the fees collected for the certificate in the Oil and Gas Environmental Fund, and allows the fund to be used for pipeline safety. The bill requires a carbon monoxide source to have a production facility in Indiana. It limits a pipeline company to exercising the power of eminent domain only for right of way or easement purposes. It also allows 180 days to provide information to the DNR about the actual route of the carbon dioxide pipeline.

Effective Date: July 1, 2011.

Explanation of State Expenditures: (Revised) *Certificate of Authority*. Currently, there are no entities to which the bill's provisions apply. Consequently, there would be no impact to the DNR. Any future increases in administrative expenses for the DNR will depend on the number of entities that are established.

Forms. Existing staff could develop the necessary permit application forms.

Review of Proposed Projects. Currently, there are no entities to which the bill's provisions would apply. If qualifying entities are established in the future, the DNR would need to review the application. Depending on the length and complexity of the proposed project and the quality or completeness of the application, the following activities and time frames would be involved:

- Initial review to determine whether application is complete - 0.5 to 3 working days.

- Technical review of application and preparation for public informational meeting – 1 to 3 working days.
- Public informational meeting – costs range from \$100 to \$300.
- Review of comments received from public informational meeting – 0.5 to 3 working days.
- Preparation of final determination to approve or deny the application – 0.5 to 2 working days.

Administrative Review. A determination of the DNR is subject to administrative review. The number and nature of future requests for review, if any, and the associated expenses are indeterminable.

Potential Applicants. Currently, there are no entities to which the bill's provisions would apply. However, in the future, qualifying entities could include (1) entities that transport CO₂ from Indiana to locations outside Indiana; (2) transporters that move CO₂ through Indiana, and (3) entities interested in transporting the CO₂ to permitted geological storage facilities within Indiana.

Explanation of State Revenues: (Revised) *Application Fees.* Currently, there are no entities to which the bill's provisions would apply. Consequently, no revenue would be generated by the proposed \$1,000 filing fee. If any fees are collected in the future, the DNR must deposit fee revenue in the Oil and Gas Environmental Fund, to be used to administer the certificate program.

Explanation of Local Expenditures: (Revised) *Eminent Domain.* If a carbon dioxide transmission pipeline company received a certificate of authority and is not able to reach an agreement with a property owner for the construction, operation, and maintenance of the pipeline on the owner's property, the company may proceed to condemn land, improvements, a right-of-way, an easement, or any other interest in the owner's property necessary for the pipeline.

An affected landowner may bring an action in the circuit court of the county in which the landowner's property is located. These provisions will increase local court expenditures by an indeterminable amount.

Libraries. Applicants must place for public inspection a copy of the application in a public library located in each county in which the carbon dioxide transmission pipeline is proposed to be located. This provision should have no significant impact on libraries.

Explanation of Local Revenues: (Revised) *Eminent Domain.* If actions are brought in a local court, court fee revenue may increase by a small amount.

State Agencies Affected: DNR.

Local Agencies Affected: Libraries and courts.

Information Sources: DNR

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